

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

100

June 3, 2003

FROM: JOHN D. GOSS, Assistant County Administrator
Economic Development and Public Services Group

SUBJECT: REVIEW OF FUNDING OPTIONS FOR MOUNTAIN COMMUNITIES WITH
RESPECT TO THE BARK BEETLE EMERGENCY

RECOMMENDATION:

1. Receive report on establishment of a Dead Tree Hazard Abatement Revolving Fund and related issues.
2. Establish "Dead Tree Hazard Abatement Revolving Fund" in the amount of \$1 million, as outlined in the staff report, including the following related Board actions, and direct staff to proceed with its implementation.
 - a. Redirect \$200,000 from the County Bark Beetle Reserve previously approved by the Board on April 8, 2003, for special tax initiative activities to finance the revolving fund.
 - b. Allocate remainder of the County Bark Beetle Reserve (\$200,000) to finance the revolving fund.
 - c. Redirect \$200,000 from the \$685,000 allocated by the Board on April 8, 2003, for low-income financial assistance to finance the revolving fund. This action would involve redirecting the use of \$100,000 from federal grant funds and \$100,000 from the County Bark Beetle Reserve.
 - d. Allocate \$400,000 from Flood Control Zones 4 (\$50,000), 5 (\$300,000), and 6 (\$50,000) on a loaned basis to finance the revolving fund.

BACKGROUND INFORMATION: At its May 20, 2003, meeting, the Board received a report, which discussed options for conducting elections for a special parcel tax to confront the bark beetle emergency as well as development of a revolving fund for the

Record of Action of the Board of Supervisors

100

REVIEW OF FUNDING OPTIONS FOR MOUNTAIN COMMUNITIES WITH RESPECT TO THE BARK BEETLE EMERGENCY

June 3, 2003

Page 2 of 5

100

same purpose. At that time, the Board directed that staff return with a report outlining the details for a revolving fund and to continue to review financing options (but take no further action on setting a special tax election) and obtain a report on public information efforts. The purpose of this report is to respond to this direction.

Recommendation 1. This recommendation would receive this report on establishing a proposed Dead Tree Hazard Abatement Revolving Fund.

Recommendation 2. This recommendation would establish a revolving fund of \$1 million for the purpose of immediately tackling the removal of as many dead trees as possible in the infected mountain areas. As opposed to a special parcel tax, these funds could be used immediately this fire season to begin a more aggressive hazard-tree-removal process than would be accomplished with the already programmed \$2.7 million federal grant approved by the Board on April 8, 2003. The revolving fund would enable the Fire Marshal to expand the notification/citation process and broaden the "block approach" in tackling the dead tree problem, bringing more tree cutters with more resources into the mountain area. By bidding out larger blocks, it is expected that the average cost per tree removed would decrease, increasing voluntary compliance because of lower overall cost to the property owner. Based on the block removal concept being initiated by the Fire Marshal and having this fund to draw upon to remove dead trees from all properties within the block where property owner cooperation is absent, or they lack the ability to comply, could mean the difference between success and failure from a fire hazard perspective.

The revolving fund would be repaid by billing property owners who do not comply with the Fire Marshal's notices/citations, with hazardous trees being cut down by blocks of properties. If the bills are not paid, they could be collected by placing a tax lien on the property.

In discussing with County Fire the amount needed for a revolving fund, an initial amount of \$4 million was suggested. It was difficult to develop a fund of this amount without asking for Board authorization for the use of one-time general fund monies for this purpose. Due to the state budget crisis and the fiscal unknowns confronting the County and its reserves, a different approach was taken focusing on a more modest revolving fund amount.

Instead of a \$4 million fund, a \$1 million revolving fund is suggested. This will enable County Fire, as mentioned above, to expand its block removal efforts. In the meantime, efforts at obtaining additional federal monies will be pursued that can supplement and extend existing federal, state, and local financial resources.

On May 20, 2003, the Board was presented with a preliminary version of the proposed revolving fund. After further staff evaluation, the recommended revolving fund would require approval of the following related actions:

1. Board action to redirect the \$200,000 for a potential special tax election to the revolving fund. This money initially came from the previously approved \$500,000 for

REVIEW OF FUNDING OPTIONS FOR MOUNTAIN COMMUNITIES WITH RESPECT TO THE BARK BEETLE EMERGENCY

June 3, 2003

Page 3 of 5

100

the Bark Beetle Reserve and can still be used as a local match for the \$2.7 million federal grant work plan approved by the Board on April 8, 2003.

2. Board action to take the remaining, undesignated money from the original Bark Beetle Reserve, in the amount of \$200,000, and designate it for the revolving fund.
3. Board action to redirect \$200,000 from the \$685,000 for low-income financial assistance that was included in the April 8, 2003, work plan. This would include redirecting \$100,000 from the federal grant, and redirecting an additional \$100,000 contribution from the Bark Beetle Reserve, for hazardous tree removal services, which would be made possible by the revolving fund. Under the revised work plan, \$485,000 would still be available for low-income financial assistance.
4. Board action to approve designating \$400,000 from Flood Control Zones 4, 5, and 6 for the revolving fund with the proviso that the funds will eventually be reimbursed to Flood Control. Flood Control has historically contributed each year for insect control in its watersheds, annually spending \$150,000 to help support inmate crews from Pilot Rock to remove infected trees in the mountains. The \$400,000 is from unappropriated amounts in Flood Control and constitutes less than 3% of such funds. Since most of the infestation in Flood Control's watershed currently is in Zone 5, most of the contribution to this revolving fund is proposed to come from this zone. Specifically, this element of the revolving fund would consist of \$50,000 each from Zones 4 and 6 and \$300,000 from Zone 5.

In summary, the proposed revolving fund would be established as follows:

Redirect money from a potential special tax election to the fund	\$ 200,000
Use remaining Bark Beetle Reserve funds	200,000
Redirect funds from low income financial assistance	200,000
Flood Control "loan"	<u>400,000</u>

TOTAL REVOLVING FUND \$1,000,000

Special Tax: The Board was reluctant to set an election by mail to establish a special parcel tax in some or all of the mountain communities, although there seemed to be some public interest in possibly conducting such an election in the Lake Arrowhead area. Time has virtually run out to conduct such an election in time to collect the taxes this fall for the 2004 fire season.

It was difficult for staff to proceed through all of the complexities of a special parcel tax and its conditions or, in the alternative, an assessment district, due to the lack of time. If there were any merit for such a tax, much more time, including community meetings, would be needed before again considering placing the tax before the voters.

Because of fairness concerns, staff initially evaluated creating the option of an assessment district to provide more equity among property owners. Due to of the number of parcels involved and other complexities, staff confronted substantial legal and logistical obstacles in creating such a district.

100

REVIEW OF FUNDING OPTIONS FOR MOUNTAIN COMMUNITIES WITH RESPECT TO THE BARK BEETLE EMERGENCY

June 3, 2003

Page 4 of 5

100

A number of questions were raised regarding a special tax at the numerous community meetings attended by staff. Some of these equity concerns were:

People have different sized parcels: Staff, in its parcel tax recommendation, proposed a minimum of \$250 for the smallest parcel and up to \$500 for a parcel of three to five acres in size. Those with more than five acres would be exempt but would not receive services.

Some have already cut their trees: Property owners would receive a rebate the first year and an exemption thereafter.

Some have no trees: Unfortunately, fire does not stop until it runs out of fuel. An individual's property still can be destroyed, even if they have no trees, if a more aggressive tree removal program is not undertaken.

Some own property but cannot vote because they are not residents in the mountains: This inequity probably can only be resolved through an assessment district but not through an election. Currently, in the mountain communities, school bonds, as an example, are approved or disapproved by the voters in the communities, not property ownership.

This summary of a few of the equity issues discussed by staff in the mountain communities describes some of the problems in obtaining consensus in conducting a special parcel tax election. If the Board wants staff to hold further community meetings on this subject to work through the equity issues and attempt to obtain more of a consensus in support of a special tax over the next several months, they will at the Board's direction. It may be more productive, however, for staff to spend its time in obtaining more federal grants and coordinating its efforts with pertinent state and federal agencies.

Public Information: The work plan approved by the Board on April 8, 2003, in connection with the \$2.7 million grant included \$135,942 for public education/clerical support. As part of the Mountain Area Safety Task Force (MAST), there is a public relations component that consists of the public information officers (PIO) from five federal, state, and local agencies. PIOs on this task force represent the Sheriff, County Fire, California Department of Transportation (CALTRANS), California Division of Forestry (CDF), and United States Forest Service (USFS). Now that they have a specific budget from which to develop a public education program, they have developed and continue to develop a public information work plan. A copy of that plan and materials which have been developed to date will be on file with the Clerk and will be transmitted to each Board member's office under separate cover.

Included in this packet is the MAST Strategic Plan, press releases, Q & As, briefing papers (white sheets), development of information kiosks, a recently distributed landscape guide from six mountain water agencies, a description of numerous community meetings, and an accumulation of various press stories about the bark beetle crisis through May 21, 2003. Future projects include developing a website, future

REVIEW OF FUNDING OPTIONS FOR MOUNTAIN COMMUNITIES WITH RESPECT TO THE BARK BEETLE EMERGENCY

June 3, 2003

Page 5 of 5

100

mailers, information displays, billboard advertisements and continued and enhanced community coordination and outreach.

The battle with the bark beetle is a dynamic process, continually evolving. As the PIOs' work plan continues its development, it will be submitted to the Board for review.

REVIEW BY OTHERS: This item was reviewed by the County Administrative Office (Wayne Thies, Administrative Analyst) on May 27, 2003, and County Counsel (Dennis Tilton, Deputy) on May 27, 2003.

FINANCIAL IMPACT: Recommendations 2.a., 2.c., and 2.d. result in no additional fiscal impact as these actions redirect existing funding sources. Recommendation 2.b. will result in a \$200,000 reduction of the Bark Beetle Reserve Fund. On December 17, 2002, the Board approved the Bark Beetle Reserve of \$500,000 in FY 2002/03 for use toward a program to respond to this emergency. Board actions taken on April 8, 2003, reduced the Bark Beetle Reserve Fund balance by \$300,000; and Recommendation 2.b. will exhaust the fund by an additional \$200,000 reduction.

COST REDUCTION REVIEW: The County Administrative Office has reviewed this agenda item and concurs with this proposal and recommends this action based on the following: a state of emergency exists in the local mountains due to the existence of more than 252,000 acres of dead, dying and diseased trees that pose a significant fire threat to the mountains in San Bernardino. Approval of this item will create a revolving fund through the use of funds previously approved by the Board; accordingly, no new funding is being requested. The fund will allow the County Fire Department to take necessary actions to assist in eliminating this threat posed to health and safety.

SUPERVISORIAL DISTRICT(S): 1st, 2nd, and 3rd.

PRESENTER: John D. Goss, Assistant County Administrator, (909) 387-4700.

100